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Contents

		Paragraphs	Pages
	Introduction	1	2
I.	Situation analysis	2-10	2
II.	Past cooperation and lessons learned	11-23	3
III.	Proposed programme	24-36	4
IV.	Programme management, monitoring and evaluation	37-40	6
Annex			
	Results and resources framework for Kazakhstan (2005-2009)		7

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Introduction

1. This document outlines the country programme of UNDP Kazakhstan for the period 2005-2009. It was prepared in collaboration with key partners including the Government, United Nations agencies, funds and programmes, other donors, the private sector, 'think tanks' and non-governmental organizations. It is based also on previous analysis included in such documents as the Millennium Development Goals in Kazakhstan report (2002) and the Common Country Assessment (2003). Above all, it supports the goals from the United Nations Development Assistance Framework (UNDAF) for 2005-2009.

I. Situation analysis

2. Extensive reforms since independence in 1991 have brought good results. The economic rebound started in 1999 as a result of improved production capacity and high world prices in the oil sector: real gross domestic product (GDP) grew 13.5 per cent in 2001 and 9.5 per cent in 2002. (Non-oil sector growth averaged 9 per cent in the past three years.) It is estimated that GDP will continue to grow by approximately 7 per cent per annum for the next several years.

3. Monetary policies based on minimal state intervention in the money market, control of the money supply by the National Bank, and sound exchange rate policies has kept inflation low (5.9 per cent in 2002), despite a significant inflow of foreign capital. Among other indicators of economic health, 2002 saw an increase of 54 per cent in capital investments, a national budget deficit of just 0.1 per cent of GDP, and an increase of 13 per cent in non-oil revenues to the national budget.

4. Due to this strong economic performance, the incidence of poverty decreased from 35 per cent to 24 per cent between 1996 and 2002, as per capita income grew to $1,520. However, the incidence of poverty varies across the country and across the rural-urban divide, with rural poverty twice as high. The failure of the oil, gas and mining sectors to create a large number of jobs continues to hamper poverty reduction efforts.

5. Insufficient public spending on health care during the early years of transition has contributed to a decline in major health indicators. Adult mortality rates and the incidence of tuberculosis have increased dramatically. While HIV prevalence remains low, many indicators point to an emerging epidemic among the most vulnerable groups. In education, Kazakhstan has already achieved its goal of providing universal, gender-balanced primary education. However, the quality of education at all levels has fallen. There is also a mismatch between the skills imparted by schools and demand in the labour market. The education reforms under consideration are intended to address this problem.

6. Socio-economic development is hampered by the lingering Soviet environmental legacy. Degradation through land, air and water pollution continues; poor irrigation practices deplete the fertility of wide tracts of arable land; and water and wind erosion are a constant threat. Affordable drinking water is not fully available, especially in rural areas, where 27 per cent of the population do not have access to improved water sources. To combat these problems, the Government has laid a strong legal and institutional foundation for improved environmental management, although implementation capacity still requires much attention.

7. Kazakhstan has made considerable gains over the past decade in adopting the principles of democratic governance. It is important to keep this momentum going, and to expand it to areas such as the mass media, political participation, further rationalization of the civil service, and expanding the role of local government.

8. In order to promote equal opportunities for women, the Government is implementing the 'Action Plan for Improving the Status of Women in Kazakhstan', and sensitizing the public and private sectors to the related legislation. It is hoped that the proportion of women in parliament will increase with the 2004 elections.

9. The non-governmental organization (NGO) sector is growing, and is increasingly recognized as an important partner by the Government. Existing legislation needs to be revised, however, to allow civil society to play a more active role in social and political processes. Moreover, the narrow constituencies of many NGOs undermine their ability to serve as a true voice of society.

10. The challenge for Kazakhstan in the coming years will be to reduce social and geographic inequities; improve the delivery of public services; protect vulnerable groups; improve government efficiency, and promote broad-based participation in the national life. To ensure that the benefits of economic growth are more equitably distributed, the Government will need to improve public investments and promote economic diversification beyond the oil, gas and mining sectors. Diversification will need to yield employment opportunities and broaden the economic base through widespread small and medium-sized enterprise (SME) activity.

II. Past cooperation and lessons learned

11. The country cooperation framework (CCF) for 2000-2004 drew largely on the Government's long-term strategy, 'Kazakhstan 2030', and the priorities outlined in the mid-term 'Strategy 2010'. During this period, UNDP worked in three areas: (a) social development; (b) democratic reform; and (c) environmental management. In each of these areas, it played a catalytic role in the development of some of the country's most important national programmes.

12. In the area of social development, UNDP supported the formulation of the 'Concept of Social Protection of the People of Kazakhstan', which was widely discussed and then approved by Government in 2001. UNDP and the Asian Development Bank (ADB) helped the Government to develop its 'National Poverty Reduction Programme 2003-2005'. Both of these documents consider poverty from the broader perspective of national development, and are derived in part from the national human development report for 2000.

13. In the area of governance, UNDP helped advance the democratic reform agenda in a number of ways. For example, one project supported the parliament in carrying out its legislative functions more effectively. UNDP worked closely with the Civil Service Agency to formulate and enact the civil service law. Building on that, functional and organizational analyses of the public sector were carried out, highlighting the importance of decentralization. Civil service reforms have helped Kazakhstan become an example for other Central Asian countries.

14. In the area of human rights, UNDP helped to develop the national ombudsman law. Persistent lobbying by UNDP through its human rights projects led to the creation of the Ombudsman's Office for the protection of human rights, which collaborates in an ongoing manner with the Human Rights Commission.

15. In the area of rural development, the national human development report 2002 and a joint study conducted with the presidential administration led to the Government's 'Rural Development Programme 2003-2005'. UNDP helped the Government and the international community follow up on a United Nations General Assembly Resolution on the rehabilitation of the former Soviet nuclear testing site at Semipalatinsk.

16. UNDP continued to advocate the sustainable use of natural resources and assisted in formulating and implementing the National Environmental Action Plan. In preparation for the 2002 World Summit on Sustainable Development, UNDP supported the Government in preparing its 10-year progress report on Agenda 21 implementation.

17. Efforts by the Global Environment Facility (GEF) Small Grants Programme to raise public awareness and involve local communities in environmental issues complemented GEF and Montreal Protocol projects focussed on preserving globally significant biodiversity, reducing persistent organic pollutants, and addressing the threats of global warming and ozone-depleting substances in Kazakhstan.

18. To safeguard women's rights, UNDP facilitated the implementation of the 'Action Plan for Improving the Status of Women in Kazakhstan'. UNDP and UNIFEM supported widespread inter-sectoral discussions to help the Government finalize the implementation plan for the Convention on the Elimination of All Forms of Discrimination against Women and later supported its implementation.

19. In partnership with UNAIDS and other United Nations organizations, UNDP is leading the fight against HIV/AIDS in Kazakhstan. As a result of those efforts, the 'National Programme on Counteracting the AIDS Epidemic in Kazakhstan for 2001-2005' was adopted.

20. The Government's reorganization of its ministries - part of its ongoing administrative reform – frequently resulted in changes in counterpart departments and staff. Regular monitoring and periodic re-training of counterparts reduced implementation

hurdles and kept the country programme on track. Partnerships with NGOs and contributions from donors also had an important impact. Improved coordination among donors at the country strategy-setting stage further increased the impact.

21. Through a memorandum of understanding signed in 2002, UNDP formalized cooperation arrangements in Kazakhstan with the ADB, the European Bank of Reconstruction and Development, and the World Bank.

22. Joint development and implementation of the UNDAF for 2005-2009 will improve cooperation among United Nations organizations through regular coordination and thematic meetings within the United Nations system and among the wider donor community. Moreover, UNDP will strengthen the outreach and communication elements of its country programme.

23. UNDP plays a key role in focusing greater attention on the Millennium Development Goals (MDGs) in Kazakhstan. Working jointly with the Government and the United Nations Country Team, UNDP led efforts to produce Kazakhstan's initial MDG report in 2002 – the first of its kind produced in a former Soviet republic. While Kazakhstan has already achieved some of the goals, others will require more effort. UNDP will continue to lead the MDG campaign in the coming years.

III. Proposed programme

24. The new country programme for 2005-2009 will support national priorities embodied in the national 'Strategy 2010' and the longer-term vision of 'Kazakhstan 2030', taking into account UNDP expertise and comparative strengths and the lessons learned from implementing the CCF 2000-2004. It will form an integral part of the implementation arrangements for the UNDAF 2005-2009 priorities and partnership strategies. The country programme will focus on three thematic areas:

Poverty reduction and monitoring.

25. UNDP will continue to provide policy advice and advocate proven strategies for poverty reduction. In doing so, UNDP will strengthen the abilities of national partners to develop pro-poor policies aimed at diversifying the economy and improving people's lives. UNDP will help improve social welfare policies by making them more cost-effective, targeting them to help the poorest and reducing the risk of poverty for the most vulnerable groups. The successful experience of micro-lending initiatives in selected regions of Kazakhstan will be analysed and used to develop a policy and legislative framework to promote micro-finance services for the poor. The thematic studies on poverty conducted by UNDP, and its support to civil society, will contribute to broader, more effective public participation in the design and implementation of anti-poverty measures. This will keep the issue of sustainable development high on the national agenda. International experience and expertise will be brought in to monitor programmes on poverty, rural development, the status of women, and the progress of Kazakhstan towards the Millennium Development Goals.

26. In order to help with employment creation, UNDP will support initiatives such as SME development, business incubation, investment promotion and trade expansion. UNDP will also support the accession of Kazakhstan to the World Trade Organization.

27. A complicating factor related to poverty is the emerging HIV/AIDS problem. In partnership with the United Nations Joint Programme on HIV/AIDS (UNAIDS) and the United Nations Children's Fund (UNICEF), UNDP will support national efforts to prevent the spread of HIV/AIDS.

28. UNDP will continue working on poverty and quality-of-life issues in the Semipalatinsk region and the Aral Sea basin, both of which continue to suffer from the effects of man-made environmental disasters.

Governance and participatory development.

29. UNDP will provide support for parliamentary legislation that promotes democratic, social and economic reforms. UNDP support to the national parliament will be extended to regional parliaments, in order to build the capacities of the members and staff of local legislatures. In the area of civil service reform, UNDP will focus on increasing the effectiveness of public administration, with a particular emphasis on functional reviews, human resource management in the civil service and the delivery of public services. UNDP will help harmonize the governance system of Kazakhstan with the best global examples.

30. UNDP human rights interventions will focus primarily on building the operational capabilities of the Ombudsman's Office and the Human Rights Commission to ensure their effective guardianship of human rights.

31. Support to civil society will be a key feature in all of these activities. UNDP will expand its partnerships with NGOs to facilitate cooperation among civil society, Government and the private sector.

Environment management and human security.

32. Together with key partners, UNDP will focus on environmental governance. UNDP will support the establishment of a National Commission on Sustainable Development and, through it, the preparation and implementation of a national sustainable development strategy. The commission will monitor the compliance of Kazakhstan with the international environmental conventions it has ratified. UNDP will broaden its partnerships with NGOs and the private sector to promote environmentally sound development projects.

33. Building on previous successes with GEF, UNDP will continue to support national efforts in protecting biodiversity and addressing the threats of global warming and ozone depleting substances. This will be done by promoting the integrated management of wetlands, mountain agro-biodiversity, and rangeland ecosystems; improved energy efficiency in heat and water supply systems; and increased use of renewable energy sources. Special emphasis will be placed on improving inter-sectoral coordination of GEF-funded activities.

34. Through the UNDP/GEF Small Grants Programme, funding will be provided to civil society to protect the environment and educate citizens to the effect that their social and economic well-being depends on sound resource management and a clean environment.

35. In additional to the three thematic areas highlighted above, UNDP Kazakhstan will undertake initiatives in cross-cutting fields such as:

(a) *Thematic studies*. Supplementing the annual national human development reports, UNDP Kazakhstan will continue to produce analytical studies on topics important to the development of Kazakhstan. These reports help UNDP to fulfil its policy advisory mission and have an impact on national agenda-setting and policy.

(b) *Subregional cooperation*. Following the UNDP Strategy for Central Asia, emphasis will be placed on the participation of Kazakhstan in regional activities connected with economic reform, poverty reduction, democratic governance and environmental management. UNDP will facilitate regional initiatives in the areas of investment promotion, border management, networking to combat drug trafficking, and environmental management.

(c) *UNDP support to the United Nations*. In partnership with UNICEF, UNDP will continue to lead the MDG campaign in Kazakhstan by strengthening national capacities to monitor, analyse and disseminate MDG data; raise public awareness of the MDGs, and prepare the second MDG report for Kazakhstan. UNDP will lead three United Nations thematic groups on poverty, governance and administration/finance.

(d) *Gender equity*. UNDP efforts will focus on effectively inserting gender concerns into the national development agenda and making national legislation more gender-sensitive. Emphasis will be placed on combating violence against women and promoting women's rights.

(e) *Information and communication technologies (ICT) for development*. A priority area for development is the liberalization of ICT infrastructure to provide Internet services at competitive prices. With expanding bandwidth and the proliferation of personal computers, ICT has the potential to link communities and Government.

36. In order to achieve the goals set out in these programmes, UNDP Kazakhstan will undertake an intensive, three-pronged resource mobilization campaign during this programme cycle. UNDP will continue to seek support from global trust funds such as GEF, the Montreal Protocol, the UNDP thematic and consultancy trust funds, Capacity 2015 and others. Two additional major focuses of resource mobilization efforts will be the private sector and the Government.

IV. Programme management, monitoring and evaluation

37. National execution will remain the primary implementation modality. UNDP will closely coordinate with the Ministry of Economy and Budget Planning to ensure that the country programme remains valid to national priorities. With regard to compliance with international agreements and organizational issues, close cooperation with the Ministry of Foreign Affairs will be maintained. UNDP will continue to rely on national institutions and experts, complementing them with international inputs as necessary. UNDP will continue to expand its links with NGOs and facilitate their fuller integration into national development efforts. Partnerships with international donors will also be broadened to improve cooperation and coordination.

38. Programme monitoring and evaluation will be an integral part of the country programme. Priority will be given to thematic evaluations of major UNDP programmes jointly with other United Nations agencies and partners. Routine monitoring will be strengthened further to comply fully with the recommendations of the national execution audit.

39. To supplement its core funding and increase the impact of its programmes, UNDP will seek parallel funding, cost sharing and in-kind resources from Government, donors and private sector partners. An active outreach and communications strategy will be employed to improve communications with funding partners. Additional financing will be sought through the global and regional programmes, thematic and consultancy trust funds and other funding windows. UNDP will apply for increased resources from GEF for environmental problems projects.

40. A reprofiling exercise in 2001 revealed a highly motivated and purposeful country office concentrated on high-impact, strategic interventions in line with national MDG priorities. The country office consists of a development centre and a business centre working in close cooperation to render high-quality advisory and development services to partners. An implementation team supports project implementation on a full cost-recovery basis. The resident coordinator's office facilitates partnerships with other United Nations organizations.

Annex. Results and resources framework for Kazakhstan (2005-2009)*

Area	*Outcomes*	*Outputs*	*Output indicators*	*Partners*	*Resources*
UNDAF outcome I: Reduced (income and human) poverty at national and sub-national levels					
Poverty	**Outcome 1.** The Government is more capable of reducing poverty, achieving MDG targets, and monitoring its progress to those ends. **Indicator:** Allocation from national budget to poverty alleviation initiatives. **Baseline:** In 2002, despite strong economic growth, public spending in the social sector remained low: healthcare was 1.9 per cent, education was 3.2 per cent, and social services were 5.4 per cent of GDP. **Target:** By 2009, higher public spending in the social sector as a percentage of GDP.	**Output 1.1.** Greater knowledge, skills and motivation of government officials to formulate and implement poverty reduction strategies. **Output 1.2.** Four in-depth analytical reports on issues related to poverty and the MDGs prepared and published each year.	**Indicator 1.1.1:** The number of government officials trained in poverty reduction strategies. **Baseline:** UNDP provided training to 50 government officials in 2003. **Target:** UNDP will provide training to at least 50 people per year. **Indicator 1.2.1:** The number of in-depth analytical studies published by UNDP. Baseline: In 2003 UNDP published 3 major studies. Target: UNDP will publish at least 4 major reports per year.	**Government:** Ministries of Economy and Budget Planning, Labour and Social Protection; Agency on Statistics **Donors:** UNICEF, ILO, UNIFEM, World Bank, ADB, EBRD, OSCE, IOM	**Regular:** $700,000 **Other:** $725,000 **Parallel:** $5,000,000
Environment	**Outcome 2.** A comprehensive approach to sustainable development is integrated into national development planning and linked to poverty. **Indicator:** The existence of a national strategy on sustainable development (NSSD). **Baseline:** A National Environmental Action Plan was developed and approved in 1999. At WSSD, Kazakhstan committed to preparing a national strategy on sustainable development (NSSD). **Target:** The NSSD developed with wide participation of stakeholders, adopted and effectively implemented	**Output 2.1.** Increased capacity of the national Council on Sustainable Development (CSD) to implement priority environmental management initiatives. **Output 2.2.** Expanded collaboration between government, donors, civil society and the private sector in the area of environmental management and sustainable development.	**Indicator 2.1.1:** The number of CSD members trained in issues related to sustainable development. **Baseline:** The CSD is now being established. **Target:** All CSD members will be trained. **Indicator 2.2.1:** The number of joint activities between government, donors, civil society and private sector promoting improved environmental practices. **Baseline:** At present few environmental activities are jointly implemented. **Target:** An increased number of joint environmental activities are undertaken.	**Government:** Ministries of Environmental Protection, Agriculture, Economy and Budget Planning, Environmental Protection **Donors:** WB, ADB, UNEP, USAID, CIDA **NGOs:** EcoForum, IDC, Ecopravda, Ecocenter **Private sector:** Silk Road, ExxonMobil	**Regular:** $500,000 **Other:** $2,800,000
Environment	**Outcome 3.** Livelihood opportunities for the poor are increased through expanded access to natural resources and sustainable energy. **Indicator:** The amount of energy produced through renewable sources. **Baseline:** In 1999, the percent of energy consumption from renewable resources was 1.5 per cent of total consumption (or 527 tons of oil equivalent). **Target:** By 2009, the percent of energy consumption from renewable sources will increase by half.	**Output 3.1.** Integrated conservation and development policies based on successful GEF projects in biodiversity (wetlands, mountain agro-biodiversity) and energy (energy efficiency, renewable energy). **Output 3.2.** Improved capacities of NGOs and CBOs for nature and energy conservation	**Indicator 3.1.1:** The number and value of GEF-funded projects implemented by UNDP. **Baseline:** At present UNDP is implementing 11 GEF projects with a total value of $18.4 million. **Target:** A 10 per cent increase in the value of GEF-funded projects. **Indicator 3.2.1:** The number of NGOs trained in energy conservation and natural resources management. **Baseline:** At present the capacity of environmental NGOs is limited. **Target:** UNDP will support training for at least 25 environmental NGOs and CBOs.	**Government:** Ministries of Environmental Protection, Agriculture, Energy; Antimonopoly Committee, Akimats **Donors:** WB, ADB, IDB, JICA, OSCE, UNESCO, USAID, WWF **NGOs:** EcoForum, Koryk, Ecopravda, NABU **Private sector:** ExxonMobil, Ajip, Zhibek Zholy, Atyraubulak	**Regular:** -- **Other:** $12,800,000

* The UNDAF results matrix is accessible at either the Executive Board web site (www.undp.org/execbrd/index.htm) or the UNDG web site (www.undg.org).

UNDAF outcome III: Professional capacity, transparency and accountability of the governance structure and participation of civil society in decision-making enhanced					
Governance	**Outcome 4.** The performance, credibility, and effectiveness of the civil service are improved at central and local levels. **Indicator:** Client perceptions, based on public surveys, of civil service performance as regards user friendliness, efficiency, effectiveness, honesty and integrity. **Baseline:** In many areas the civil service is perceived to be ineffective or corrupt: 89 per cent of survey respondents said "corruption is a major issue for the country." **Target:** Improved client perceptions of civil service performance.	**Output 4.1.** Unified standards for civil service at both central and local levels developed	**Indicator 4.1.1:** Unified standards for civil servants. **Baseline:** At present such standards do not exist. **Target:** Standards developed, piloted, approved and implemented.	**Government:** Presidential Administration, Agency for Civil Service Affairs **Donors:** World Bank, Open Society Institute/Local Governance Initiative, EU-TACIS, USAID, Soros Foundation	**Regular**: $500,000 **Other**: – **Parallel**: $4,000,000
Governance	**Outcome 5.** Parliament performs its functions more effectively at both central and regional levels. **Indicator:** Number of amendments to national legislation developed by regional parliaments. **Baseline:** Participation of regional legislatures (maslikhats) in national legislative process is limited. **Target:** Increased capacity of regional parliaments to effectively participate in the decision-making process	**Output 5.1.** Improved co-operation between national and regional parliaments and local executives in decision-making process.	**Indicator 5.1.1:** The number of regional parliament members and staff trained in effective participation in legislative deliberations. **Baseline:** Technical assistance has been provided by donors to regional legislatures in Akmola and Pavlodar oblasts. **Target:** An increased number of members of regional parliaments and staff trained.	**Government:** National and regional parliaments **Donors:** Netherlands, Nordic Fund, USAID, OSCE	**Regular**: $367,000 **Other**: $500,000
Governance	**Outcome 6.** The human rights of citizens are better protected through improved performance of human rights institutions. **Indicator:** Number of cases successfully resolved by the Ombudsman's Office and Human Rights Commission. **Baseline:** The Human Rights Commission has been in existence for several years; an Ombudsman's Office was established in September 2002. **Target:** By 2009, 50 percent more human rights cases successfully resolved compared with 2004.	**Output 6.1.** Greater awareness of decision makers and civil servants of human rights and international conventions	**Indicator 6.1.1:** The number of civil servants trained by staff from human rights bodies. **Baseline:** The staff of the two main human rights bodies themselves are inexperienced. **Target:** Increased number of civil servants who are aware of human rights issues	**Government:** Ombudsman's Office, Human Rights Commission **Donors:** UNICEF, UNIFEM, OSCE, EU, Soros Foundation, Nordic Fund, SIDA **NGOs:** National Human Rights NGOs	**Regular**: $450,000 **Other**: $1,500,000
Governance	**Outcome 7.** Participatory approaches to development are increased through the enhanced capacities of civil society to better represent the interests of various social groups. **Indicator:** Number of formally registered NGOs. **Baseline:** In 2001, 1,767 NGOs were working in Kazakhstan. Few of these have national or sub-national mandates. **Target:** By 2009, a higher number of NGOs with national or sub-national mandates	**Output 7.1.** Enhanced capacity of civil society organization s to participate in policy-making processes.	**Indicator 7.1.1:** The number of joint development projects of government and civil society organization s. **Baseline:** In 2003, for the first time, NGO social projects were co-funded by government. **Target:** A higher number of NGOs receiving social contracts from the government	**Government:** Ministries of Information, Education, Labour and Social Protection and Health; Central Elections Committee; local parliaments and Akimats **Donors:** USAID, World Bank **NGOs:** Major Kazakhstan NGOs; Soros Foundation, NDI, INTRAC, Counterpart Consortium	**Regular**: $400,000 **Other**: $300,000